

DOCUMENT RESUME

00510 - [A0891648]

Indirect Cost Payments Foregone by Institutions Receiving Minority Biomedical Support Grants--What Can Be Done? HRD-77-55; B-164031(2). March 9, 1977. 38 pp.

Report to Rep. Daniel J. Flood, Chairman, House Committee on Appropriations: Labor-Health, Education and Welfare Subcommittee; by Robert F. Keller, Acting Comptroller General.

Issue Area: Health Programs (1200).

Contact: Human Resources Div.

Budget Function: Health: Health Research and Education (552).

Organization Concerned: Department of Health, Education, and Welfare; National Institutes of Health.

Congressional Relevance: House Committee on Appropriations: Labor-Health, Education and Welfare Subcommittee.

Authority: Public Health Service Act, as amended, sec. 301(c) (42 U.S.C. 241(c)). National Research Act of 1974, as amended (42 U.S.C. 2891-1). Federal Management Circular 73-6.

Indirect cost payments are prohibited on Minority Biomedical Support Program grants. Estimates of the amounts foregone by grantees as a result of this prohibition were developed. The review was conducted at the National Institutes of Health (NIH) and consisted of examining records and interviewing officials. Findings/Conclusions: The section of the appropriation legislation under which the program is funded prohibits the use of grant funds to pay for indirect costs related to grant activities. The indirect cost payments foregone by the 78 institutions that have participated in the program were estimated to be between \$1.4 million and \$4.3 million, with the higher figure probably being more realistic than the lower one. The indirect cost rate for fiscal year 1976 was estimated to be about 16%, with the rate increasing at about 2% per year. Several legislative and administrative alternatives are available to allow payment of indirect costs to program grantees. These include treating support program grants like research program project grants and requiring institutions to enter into agreements whereby their research project funds are transferred to finance support program grants. Recommendations: If the subcommittee wishes to make funds for the support program available for payment of grantee indirect costs, the subcommittee should change the language of future appropriations acts to exempt the program from the prohibition against payment of indirect costs. (SC)

00510

**RESTRICTED — Not to be released outside the General Accounting Office except on the basis of specific approval by the Office of Congressional Relations.**

**RELEASED**  
3/9/77



**REPORT OF THE  
COMPTROLLER GENERAL  
OF THE UNITED STATES**

---

**Indirect Cost Payments Foregone  
By Institutions Receiving Minority  
Biomedical Support Grants--What  
Can Be Done?**

National Institutes of Health  
Department of Health, Education, and Welfare

Institutions awarded grants under the Minority Biomedical Support Program are not paid for indirect costs related to grant activities. The section of the appropriation legislation under which the program is funded prohibits funds from being used to pay these costs. Several alternatives, both legislative and administrative, are available if the Subcommittee on Labor, Health, Education, and Welfare Appropriations, House Committee on Appropriations, wishes to change this situation.



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

B-164031(2)

The Honorable Daniel J. Flood  
Chairman, Subcommittee on Labor, Health,  
Education, and Welfare Appropriations  
Committee on Appropriations  
House of Representatives

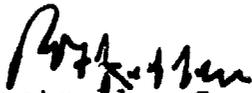
Dear Mr. Chairman:

In accordance with your June 8, 1976, request and subsequent discussions with your office, this report discusses the reasons why indirect cost payments are prohibited on Minority Biomedical Support grants, provides estimates of the amounts foregone by grantees as a result of this prohibition, and offers several alternatives for changing this situation.

As requested by your office, we did not obtain written comments on the report from program officials. However, the matters presented in the report were, discussed with program officials at the National Institutes of Health, and their comments were considered in its preparation.

We plan no further distribution of this report unless you agree or publicly announce its contents.

Sincerely yours,

  
ACTING Comptroller General  
of the United States

COMPTROLLER GENERAL'S REPORT  
TO THE SUBCOMMITTEE ON LABOR,  
HEALTH, EDUCATION, AND WELFARE  
APPROPRIATIONS  
COMMITTEE ON APPROPRIATIONS  
HOUSE OF REPRESENTATIVES

INDIRECT COST PAYMENTS  
FOREGONE BY INSTITUTIONS  
RECEIVING MINORITY BIOMEDICAL  
SUPPORT GRANTS--WHAT CAN BE DONE?  
National Institutes of Health  
Department of Health, Educa-  
tion, and Welfare

D I G E S T

According to National Institutes of Health officials, the Minority Biomedical Support Program was started because of mandates from the President and the Congress to encourage the development of programs to aid ethnic minorities. The authority for initiating the Support Program was section 301(c) of the Public Health Service Act, as amended (42 U.S.C. 241(c)), which authorizes the Secretary of Health, Education, and Welfare to award grants for research projects and for the general support of research.

Grants awarded for research projects can include amounts for indirect costs. Since fiscal year 1965, however, appropriation acts have prohibited paying indirect costs on grants awarded for the general support of research. Using the authority to make grants for the general support of research, the Institutes initiated the Support Program in December 1971. However, because of the prohibition in the appropriation acts, Support Program grantees are not paid for indirect costs, which are costs incurred for common or joint objectives and not readily identifiable with a research project or activity. (See pp. 1 to 3 and p. P.)

According to the Institutes' data, 104 institutions have applied for grants and 78 institutions have been awarded a total of 343 Support Program grants involving about \$31.5 million through June 30, 1976. There have also been 52 grant applications that were recommended for approval but were not funded. These applications were filed by 47 institutions, 13 of which have never received a Support Program grant. (See pp. 8 and 9.)

In estimating the economic impact on Support Program grantees, GAO and the Subcommittee agreed that impact would be measured by the amount of indirect cost payments foregone by institutions in the program, that is, costs for which institutions would have been paid if indirect costs were allowed. (See p. 1.)

GAO estimated the indirect cost payments foregone by the 78 institutions that have participated in the Support Program to be between \$1.4 million (using off-campus indirect costs rates) and \$4.3 million (using on-campus indirect cost rates). However, GAO believes the estimates using on-campus rates are more realistic than those using off-campus rates. (See pp. 15 to 17.)

GAO also estimated that the on-campus indirect cost rate for fiscal year 1976 was 16 percent and that this rate has been increasing about 2 percent a year. The National Research Act (42 U.S.C. 2891-1) will also have an effect on the way indirect costs are computed if they are to be paid. (See pp. 17 and 18.)

Several alternatives, both legislative and administrative, are available to allow payment of indirect costs to Support Program grantees:

- The language of future appropriation acts could be changed to exempt grants under the Support Program from the prohibition against paying indirect costs on general research support grants.
- Since there is no specific authorizing legislation for the Support Program, action could be taken to enact such legislation including a provision for paying indirect costs.
- The 11 individual institutes could be directed to set aside research project funds which allow indirect costs for grants only to institutions eligible to participate in the Support Program.

- Since some institutes have entered into agreements whereby their research project funds are transferred to finance Support Program grants, all institutes could be required to enter into such agreements.
- Support Program grants could be treated like research program project grants which are authorized under the Institutes' research project authority, and thus grantees could be reimbursed for indirect costs. (See pp. 19 to 22.)

As requested by the Subcommittee, GAO did not obtain written comments on the report, but it was discussed with National Institutes of Health officials. These officials expressed a preference for the alternative of changing the language of future appropriations acts so that indirect costs could be reimbursed to Support Program grantees. (See pp. 22 and 23.)

#### RECOMMENDATION TO THE SUBCOMMITTEE

If the Subcommittee wishes to make funds for the Support Program available for payment of grantee indirect costs, GAO recommends that the Subcommittee change the language of future appropriations acts to exempt the Support Program from the prohibition against payment of indirect costs. (See p. 23.)

# C o n t e n t s

		<u>Page</u>
DIGEST		i
CHAPTER		
1	INTRODUCTION AND SCOPE	1
	Minority Biomedical Support Program	1
	Program authority and goals	2
	Program administration	3
	Grants awarded, current funding, and institutions supported	4
	Scope of review	4
2	PROGRAM OPERATIONS	5
	Eligibility requirements	5
	Allowed and unallowed costs	5
	Types of costs not allowed	7
	Nature of direct and indirect costs	8
	Institutions eligible, applications received, and number supported	8
	Applications recommended for approval but unfunded	8
	Grants awarded, amounts paid, and minority involvement	9
	Minority involvement	9
	Ability of grantees to compete for other funds	11
	Other minority programs	11
	A Research Program With Institu- tions Having Predominantly Minority Enrollments	11
	Minority Institutions Science Im- provement Program	12
3	INDIRECT COST PAYMENTS FOREGONE BY INSTITUTIONS IN THE PROGRAM	13
	Indirect cost payments foregone	13
	Cost sharing	14
	Location of research affects indirect cost rates	14
	Amount of indirect cost payments fore- gone by institutions	15
	The National Research Act's effect on the MBS program	17
	Conclusions	18

4	ALTERNATIVES WHICH WOULD ALLOW PAYMENT OF INDIRECT COSTS TO GRANTEES	19
	Legislative alternatives	19
	Change in appropriation legisla- tion	19
	Specific authorizing legislation	19
	Administrative alternatives	20
	Require NIH institutes to provide funds	20
	Encourage use of cooperative agree- ments	20
	Authorize program using research project authority	21
	Comments of NIH officials	22
	Conclusions	23
	Recommendation to the Subcommittee	23

## APPENDIX

I	June 8, 1976, letter from the Chairman, Subcommittee on Labor-HEW Appropriations, House Committee on Appropriations	24
II	Institutions that have applied for MBS grants by State as of June 30, 1976	25
III	List of MBS applications recommended for approval but unfunded as of June 30, 1976	31
IV	Estimated indirect cost payments foregone by State and institution as of June 30, 1976	35
V	Principal officials responsible for ac- tivities discussed in this report	38

ABBREVIATIONS

DRR	Division of Research Resources
GAO	General Accounting Office
HEW	Department of Health, Education, and Welfare
MBS	Minority Biomedical Support
NARRC	National Advisory Research Resources Council

NASA	National Aeronautics and Space Administration
NCI	National Cancer Institute
NHLBI	National Heart, Lung, and Blood Institute
NIA	National Institute on Aging
NIH	National Institutes of Health

## CHAPTER 1

### INTRODUCTION AND SCOPE

On June 8, 1976, the Chairman of the Subcommittee on Labor, Health, Education, and Welfare, Committee on Appropriations, House of Representatives, requested that we study the economic impact on recipient institutions of the Department of Health, Education, and Welfare's (HEW's) policy of not paying indirect costs for Minority Biomedical Support (MBS) grants. (See app. I.) As later agreed, we defined "economic impact" to mean the amount of indirect cost payments foregone by institutions in the program. We did not determine to what extent if any this policy has adversely affected institutions receiving MBS grants.

### MINORITY BIOMEDICAL SUPPORT PROGRAM

According to NIH officials, the MBS program was developed by the National Institutes of Health (NIH) as a result of mandates expressed by both the President of the United States and the Congress.

In a February 22, 1971, message to the Congress on expanding opportunities for higher education the President said:

"\* \* \* Black institutions are faced with a historic inadequacy of resources. To help these institutions compete for students and faculty with other colleges and universities, the combined help of government at all levels, other institutions of higher learning, and the private sector must be summoned \* \* \*."

In the report of the Committee on Appropriations, United States Senate, on the appropriations for the Departments of Labor and HEW for fiscal year 1972, the Committee called for the General Research Support Branch in NIH's Division of Research Resources (DRR) to initiate a program for black colleges in fiscal year 1972. The Labor-HEW Appropriations Act for fiscal year 1972, as enacted by both houses of the Congress, retained the budget level set by the Senate for general research support grants (\$60.7 million), thereby supporting the words of the Senate Appropriations Committee:

"The Committee encourages \* \* \* the General Research Support Branch to initiate a program for the development of the health sciences at predominantly black colleges which have been unable

to provide adequate preparation for definitive training in health research fields and the health professions. Since historically, black students have not had equality of opportunity to become investigators in health research fields and to become physicians, dentists, and other health professionals, chiefly due to a lack of adequate research and teaching facilities and the inability of black institutions to compete for sufficient numbers of professionals, it is incumbent upon the Federal Government to rectify these inequalities."

While the President and the Congress were primarily concerned with the importance of developing and implementing a meaningful program for Blacks, NIH stated that other ethnic minorities were in much the same disadvantaged position.

#### Program authority and goals

Section 301(c) of the Public Health Service Act, as amended (42 U.S.C. 241(c)), authorizes the Secretary of HEW to do the following:

"Make grants-in-aid to universities, hospitals, laboratories, and other public or private institutions, and to individuals for such research projects as are recommended by the National Advisory Health Council, or, with respect to cancer, recommended by the National Cancer Advisory Board, or, with respect to mental health, recommended by the National Advisory Mental Health Council, or with respect to heart diseases, recommended by the National Heart and Lung Advisory Council, or with respect to dental diseases and conditions, recommended by the National Advisory Dental Research Council \* \* \* and make, upon recommendation of the National Advisory Health Council, grants-in-aid to public or non-profit universities, hospitals, laboratories, and other institutions for the general support of their research \* \* \*."  
(Underscoring added.)

Grants awarded for research projects can include amounts for indirect costs. However, since fiscal year 1965, appropriation acts for general research support grants have prohibited paying indirect costs to recipients of these grants.

Using the authority to make grants for the general support of research, DRR officially initiated the MBS program

in December 1971 and awarded the first grants in June 1972. However, because of the prohibition in the appropriations acts, MBS grantees do not receive funds for indirect costs.

NIH hoped that the MBS program would enhance the ability of minority institutions to compete for biomedical research grants. As indicated by the regulations implementing the program, NIH plans to accomplish this through (1) increasing the number of ethnic minority faculty, students, and investigators engaged in biomedical research, (2) broadening the opportunities for participation in biomedical research of ethnic minority faculty, students, and investigators, and (3) assisting in the provision of an appropriate setting in which the above two goals can best be accomplished.

### Program administration

An MBS grant is composed of several research projects which are not necessarily related to one area of science. To receive an MBS grant, an institution must submit a proposal to NIH, describing the research objectives and methods, budget estimates, and personnel who will work on the research projects. All awards are competitive. However, competition is among eligible institutions only. Applications are reviewed by DRR's General Research Support Branch staff and consultants to ascertain the soundness of the proposal and to assess the benefits which can be expected to accrue both to the institution and to the national effort in biomedical research.

Applications are then forwarded to the General Research Support Program Advisory Committee for review and recommendation. Following this review, applications are sent to the National Advisory Research Resources Council (NARRC). NARRC reviews the proposal and makes a recommendation to the Director, NIH, regarding whether a grant should be awarded. After recommendation by NARRC and approval by the NIH Director, DRR can award the grant. MBS grants are usually awarded for 3 to 5 years. During this time grantees do not have to compete for annual funding. However, if at the end of its grant period the grantee wants additional funds or submits a proposal for supplemental funds, it must compete.

Grantees are required to submit annual progress reports to DRR. The purpose of these reports is to describe the activities carried out under the grant and the progress that has been made in achieving the intended goals of the program. Grantees are also required to submit annual expenditures reports on expenditures and obligations incurred during the year.

Grants awarded, current funding,  
and institutions supported

In fiscal year 1976, NIH awarded 90 MBS grants totaling approximately \$8.8 million. These 90 grants were used to support programs at 75 institutions.

SCOPE OF REVIEW

We made our review at the National Institutes of Health headquarters in Bethesda, Maryland. Our review consisted of examining NIH records, interviewing officials at NIH, the National Aeronautics and Space Administration, and the National Science Foundation. In computing indirect cost payments foregone, we used financial data provided by NIH and previously established indirect cost rates. We did not review the quality of the research obtained from MBS grants or determine if the program has increased the number of minority biomedical researchers or enhanced the capability of minority institutions to perform biomedical research. Finally, because of the short time in which we performed our review, we did not verify all the data provided by NIH, nor did we review any MBS grant projects.

## CHAPTER 2

### PROGRAM OPERATIONS

#### ELIGIBILITY REQUIREMENTS

When the Minority Biomedical Support Program began, eligibility was limited to 4-year colleges, universities, and health professional schools within the United States and its territories in which student enrollments came mainly from ethnic minority groups. Subsequently, the National Institutes of Health learned that most ethnic minority college students were enrolled in institutions which were ineligible for a grant under the guidelines. For example, a study conducted by the Division of Research Resources stated that only one-third of all Black undergraduates attended predominantly Black institutions; another third were in predominantly Caucasian colleges, and the remaining were in junior colleges. About two-thirds of all Mexican-American students were attending junior colleges, as were the majority of Puerto Ricans, Cuban-Americans, and American Indians. Thus, it became evident to NIH that under the original guidelines the program was reaching few non-Black minorities.

To correct this problem, in September 1973 NIH issued a program announcement which stated that eligibility requirements would be expanded to include 4-year and 2-year institutions with a traditionally high (more than 50 percent) minority student enrollment, 4-year colleges or health professional institutions with a student enrollment including large numbers of minority students (but not necessarily more than 50 percent) and American Indian tribes. In order to qualify, institutions having large numbers of minority students (but not a majority) must have demonstrated to HEW that they have a commitment to encourage and assist minority faculty, students, and research investigators. This extension of eligibility was formally implemented by publication of regulations on June 30, 1975.

#### ALLOWED AND UNALLOWED COSTS

Grants awarded under the program are designed to strengthen the biomedical research capability of minority institutions. The following are some of the ways in which grant funds may be used:

1. Support for faculty "released time"

--Salaries for time or effort involved in research, as a substitute for a portion of teaching responsibilities.

2. Support for biomedical research projects

--Initiation, expansion, and continuation of full-scale and pilot projects.

--Cooperative research projects among investigators in several disciplines.

--Special summer projects.

--Funds for equipment, supplies, travel, publication costs, and other necessary costs related to the project.

3. Support for research personnel

--Salaries of students as research assistants and laboratory technicians.

--Faculty recruitment programs.

4. Support for research resources

--Costs directly related to the establishment and operation of central research resources, such as computer centers, animal facilities, instrument shops, etc.

--Departmental and institutional purchase of equipment and supplies for research.

--Renovation of facilities for research.

5. Support for consortia

--Smaller schools sending students to a larger institution for summer biomedical research.

--Seminars, workshops, etc.

6. Support for research training programs 1/

- Stipends, tuition, and dependency allowances for undergraduate, graduate, and postgraduate students.
- Costs of the training environment, e.g., faculty salaries, consultants, technical assistance, equipment, travel, publication costs, supplies, etc.
- Summer training experiences for undergraduate and graduate students.
- Special research project courses, such as college senior research training courses.

In addition to these costs, grant funds may be used for consultant services and purchase of books and periodicals directly related to the research.

Types of costs not allowed

The following are the costs not allowed to be charged to the program:

- Costs of projects not approved by NIH.
- New construction.
- Routine maintenance and repairs.
- Installation of utilities in an unfinished space, furnishings, or finishes to make the area suitable for human occupancy.
- Multiple purpose travel even though part of the travel is related to research.

---

1/Changes made by the National Research Act have had the effect of abolishing the Minority Biomedical Support Program's research training authority. To prevent undue hardship to individuals in training at that time, a clause in the act allows commitments to pay stipends made before July 12, 1974, to be met until the grant expires. As a result student financial support must now come in the form of a salary or wage under number 3 above (support for research personnel).

--Library support.

--Indirect costs.

### NATURE OF DIRECT AND INDIRECT COSTS

Generally, allowable costs under a research grant are composed of direct and indirect costs. Direct costs are those that can be identified specifically with a particular research objective. Examples include charges for the acquisition, care, and use of experimental animals, equipment purchases or rentals, salaries and wages of research personnel, and supplies.

Indirect (overhead) costs are those that have been incurred for common or joint objectives and therefore cannot be readily identified with the objective of a particular research grant. Operation and maintenance of facilities, depreciation, and administrative salaries are examples of the types of costs that are usually treated as indirect costs. Provisions for paying indirect costs are included in grant awards on the basis of an indirect cost rate negotiated between HEW and the recipient institution. (For a more detailed discussion of how indirect costs are allocated to research projects see ch. 3.)

### INSTITUTIONS ELIGIBLE, APPLICATIONS RECEIVED, AND NUMBER SUPPORTED

An NIH official estimated that approximately 300 institutions are eligible to participate in the MBS program. Since the program began, through June 30, 1976, 104 institutions applied for grants and NIH has awarded grants to 78 institutions. (A detailed listing showing the names of the institutions that had applied for MBS grants through June 30, 1976, appears in app. II.)

### APPLICATIONS RECOMMENDED FOR APPROVAL BUT UNFUNDED

According to NIH data, since the inception of the program there have been 52 grant applications recommended for approval by the National Advisory Research Resources Council that were not funded by DRR because either adequate scientific merit was lacking or funds were not available. These applications involved proposals from 47 institutions. Of these 47, 13 have never received an MBS grant. (A listing of the institutions and the number of applications involved appears in app. III.)

however, measures the accomplishments of the program in terms of the number of students and faculty participating and the number of papers presented at the Xavier MBS Symposium (an annual symposium held at Xavier University in New Orleans where participants present research papers).

Program accomplishments claimed by NIH

As shown below, student participation has nearly quadrupled since the inception of the program, and faculty participation has almost tripled.

MBS Program Participation

	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>
Students	333	737	1,051	1,195
Faculty	199	358	499	589

There has also been an increase in the number of MBS students, faculty, and investigators attending the Xavier University Symposium and the number of papers presented since the first symposium was held in 1973, as shown below. According to NIH officials, the quality of the papers presented has improved to a point where they are comparable to papers presented at other scientific meetings.

Xavier MBS Symposium

	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>
Number attending	250	470	900	1,300
Papers presented	76	165	280	370

In June of 1976, 399 students participating in the MBS program graduated from their respective institutions, according to NIH statistics. About 74 percent (297) went on to advanced training. Of this total, 116 were admitted to medical schools, 22 to dental schools, 39 to other health related schools, and 120 to other graduate schools. A comparison of these figures with those of June 1975 is shown below:

GRANTS AWARDED, AMOUNTS PAID, AND MINORITY INVOLVEMENT

The MBS program was begun with \$2 million in funds originally designated for the Health Sciences Advancement Award Program, which was being terminated. The award program had been designed to expand the Nation's research capability in the health sciences by providing grant support to institutions already having established biomedical research and research training programs. Through June 30, 1976, DRR has paid approximately \$31.5 million to institutions participating in the MBS program, as shown below:

<u>Fiscal year</u>	<u>Number of original grants awarded</u>	<u>Number of supplemental grants awarded</u>	<u>Total awards</u>	<u>Amounts paid</u>
72	38	-	38	\$ 2,000,000
73	51	-	51	5,000,000
74	66	16	82	a/8,048,000
75	63	19	82	7,662,964
76	<u>76</u>	<u>14</u>	<u>90</u>	<u>8,795,423</u>
Total	<u>294</u>	<u>49</u>	<u>343</u>	<u>b/\$31,506,387</u>

a/Includes \$1 million release of impounded fiscal year 1973 funds.

b/Does not include unobligated balance for fiscal year 1975 and fiscal year 1976 of \$1,402,325.

The National Cancer Institute (NCI) and the National Heart, Lung, and Blood Institute (NHLBI) have provided approximately \$1.5 million through June 30, 1976, for MBS projects. These funds can be used to pay both direct and indirect costs because projects supported by these institutes are authorized under the research project authority of the Public Health Service Act, according to an HEW official. In addition, since the beginning of fiscal year 1977, the National Institute on Aging, the National Institute of Allergy and Infectious Diseases, and the National Institute of Dental Research entered into agreements with DRR whereby they will provide funds to support MBS projects. The funds provided by these institutes can be used to pay for indirect costs.

Minority involvement

We did not determine if the MBS program has increased the number of biomedical researchers or enhanced the capability of institutions to perform biomedical research. NIH,

	<u>June 1975</u>	<u>June 1976</u>
Number to medical schools	78	116
Number to dental schools	13	22
Number to other health related schools	35	39
Number to other graduate schools	<u>99</u>	<u>120</u>
Total to advanced studies	<u>225</u>	<u>297</u>
Total program graduates	293	399
Percent of program graduates to advanced studies	77%	74%

ABILITY OF GRANTEES TO COMPETE  
FOR OTHER FUNDS

Our review showed that since the first grants were awarded in June 1972, 17 institutions participating in the MBS program had successfully competed for other NIH grants on which indirect costs were paid. In 1976 institutions receiving MBS grants also were awarded funds from the following sources:

<u>Source</u>	<u>Number of grants</u>	<u>Amount</u>
NIH	34	\$ 776,385
Other Government agencies	66	2,339,566
Non-Government organizations	<u>37</u>	<u>532,545</u>
Total	<u>137</u>	<u>\$3,648,496</u>

OTHER MINORITY PROGRAMS

During our review we found programs at two Federal agencies whose goals are similar to those of the MBS program. We were unable to identify any other programs in the time frame in which we conducted our review.

A Research Program With Institutions  
Having Predominantly Minority Enrollments

The objectives of this program, sponsored by the National Aeronautics and Space Administration (NASA), are to solicit proposals relative to the agency's mission from colleges and universities having predominantly minority enrollments. The program reimburses recipients for indirect costs because NASA believes that in order to get research that the agency needs, it should be able to reimburse researchers for the full costs of their work.

## Minority Institutions Science Improvement Program

The objective of this program, sponsored by the National Science Foundation, is to assist minorities in establishing scientific careers. Support is provided to academic institutions serving minorities to strengthen or develop effective instructional procedures for preparing students in science. This program pays indirect costs on the basis that grantees are entitled to full reimbursement of costs.

### CHAPTER 3

#### INDIRECT COST PAYMENTS FOREGONE BY

#### INSTITUTIONS IN THE PROGRAM

Indirect costs are incurred for broad purposes such as general support and therefore cannot readily be identified specifically with a particular research project or instructional activity. These costs are charged to the functional category accounts and then allocated to those institutional activities benefited through a cost allocation process involving an indirect cost rate.

An indirect cost rate is the ratio, expressed as a percentage, of indirect costs to a direct cost base. This base usually consists of direct salaries and wages, but occasionally includes total direct costs, exclusive of capital expenditures and extraordinary items. In accordance with Federal Management Circular 73-6, an indirect cost rate is established on the basis of an indirect cost proposal submitted by an institution to the Federal agency responsible for negotiating these rates. For most of the institutions in the Minority Biomedical Support Program, HEW negotiated the indirect cost rates. Indirect costs are paid to an institution by applying its established rate to the direct costs financed by the research grant, subject to administrative and legislative limitations.

#### INDIRECT COST PAYMENTS FOREGONE

The phrase "indirect cost payments foregone" refers to the amount of indirect costs that institutions could have received if indirect costs were allowed on MBS grants. The amount of indirect cost payments foregone was calculated by applying each institution's approved indirect cost rate to the direct costs financed by the research grant. From this computation we determined the total amount of indirect costs that the institutions have incurred. This total was then reduced by the amount of indirect costs paid by the National Cancer Institute and the National Heart, Lung, and Blood Institute on projects supported and by 5 percent to allow for cost sharing by the institutes. (See discussion below.) This resulted in the amount of indirect costs MBS grant recipients might have received had they been reimbursed for these costs.

## COST SHARING

According to the National Institutes of Health, cost sharing represents the portion of project costs which is not borne by the Federal Government. Cost sharing is a contribution by the grantee which may be in cash, in kind (i.e. equipment, supplies, facilities, and manpower), or both, derived from either the grantee itself or from third parties.

Cost sharing has been required on HEW grants since the fiscal year 1966 appropriation act which stated:

"None of the funds provided herein shall be used to pay any recipient of a grant for the conduct of a research project an amount equal to as much as the entire cost of such project."

A grantee may share in the costs of grant-supported research projects either through institutional agreements or on a project-by-project basis after negotiations between the grantee and the Public Health Service.

The amount of cost sharing may vary in accordance with a number of factors relating to the grantee organization and the nature of the research effort. On a project-by-project cost-sharing agreement, NIH guidelines state that a proposal to cost share at a rate of less than 5 percent for the project period requires justification and approval by NIH. However, HEW's Grants Administration Manual states that in many cases cost sharing of less than 5 percent of total project costs would be appropriate in view of an organization's non-profit status and its limited ability to finance the cost of such participation from non-Federal sources. Since indirect costs are not allowable on MBS grants, the cost-sharing requirement is fulfilled through the institutions foregoing payment for indirect costs. However, in computing the amount of indirect cost payments foregone, we had to consider that institutions would have had to engage in cost sharing if they received indirect costs. In computing indirect costs foregone we assumed that the institutions in the MBS program would engage in cost sharing at a rate of 5 percent.

## LOCATION OF RESEARCH AFFECTS INDIRECT COST RATES

Many institutions receiving MBS grants have on-campus and off-campus approved indirect cost rates. These depend on

the actual location where the research is to be performed. Institutions use an on-campus rate to recover indirect costs on research projects if 50 percent or more of the projects' base costs will be incurred on campus. Institutions can use an off-campus rate when research projects are performed in facilities not owned or maintained by the institution. Generally, MBS institutions' on-campus indirect cost rates are higher than their off-campus rates.

Our review showed that 78 institutions received MBS grants between June 1972 and June 1976. Of these 78 institutions, 68 (87 percent) had approved on-campus indirect cost rates. In addition, 24 of the 68 institutions also had approved off-campus rates.

Our review did not determine where the institutions conducted their MBS projects. Accordingly, we used both on-campus and off-campus indirect cost rates to estimate the amount of funds participating institutions have foregone.

#### AMOUNT OF INDIRECT COST PAYMENTS FOREGONE BY INSTITUTIONS

Since indirect costs are not paid on MBS grants, participating institutions may have borne all or part of these costs themselves. We have had to estimate these costs, since actual cost data was not available for all 78 participating institutions. Also, since certain assumptions had to be made, we have provided a range of estimated indirect cost payments foregone.

To obtain our range of estimated indirect cost payments foregone, we made the following computations. For the 68 institutions having approved on-campus indirect cost rates, we computed the amount of indirect cost payments prohibited (\$6 million) by multiplying the direct costs paid (\$30.6 million) by the institutions' approved indirect cost rates. We then computed an average indirect cost rate of 19.7 percent for these 68 institutions and multiplied this by the direct costs (\$2.1 million) for the remaining 10 institutions not having indirect cost rates. This computation yielded an estimated \$6.4 million in indirect cost payments prohibited for the 78 institutions that had participated in the MBS program through June 30, 1976. From this \$6.4 million we subtracted out any indirect costs that were paid by NCI or NHLBI. This gave us the estimated amount of indirect costs funded by institutions (\$6.2 million). Next we made an

assumption that cost sharing at a rate of 5 percent would have been required if indirect costs had been paid. By reducing the total estimated direct and indirect costs (\$39.1 million) by 5 percent to account for cost sharing, we arrived at an estimate of the indirect costs foregone (\$4.3 million) based on the use of on-campus indirect cost rates. This same set of computations was made using the off-campus rates. The following table illustrates the results of our computations.

	<u>Using on-campus indirect cost rates</u>		<u>Using off-campus indirect cost rates</u>	
	<u>Amount</u>	<u>Percentage of direct costs</u>	<u>Amount</u>	<u>Percentage of direct costs</u>
Total direct costs of all MBS grants	\$32,678,480	100.0	\$32,678,480	100.0
Total estimated indirect costs	6,440,928	19.7	3,319,069	10.2
Less: indirect costs paid by NCI & NHLBI	230,232	.7	105,630	.4
Estimated indirect costs funded by MBS institutions	6,210,696	19.0	3,213,439	9.8
Less: cost sharing @5 percent of total cost	1,955,970	-	1,808,264	-
Estimated indirect cost payments foregone	4,254,726	13.0	1,405,175	4.3

As shown above the indirect cost payments foregone for the 78 institutions that have been in the program between June 1972 and June 1976 are estimated to be between \$1.4 to \$4.3 million. This represents from 4.3 percent to 13 percent of direct costs allowed. (A State-by-State listing of estimated indirect cost payments foregone by institutions in the program appears in app. IV.)

Although we have considered both on-campus and off-campus rates in computing our estimates, an NIH official stated that

most colleges and universities in the program actually perform their biomedical research on campus. In addition, our review showed most of the research projects supported by NCI and NHLBI received payments for indirect costs based on the institution's on-campus rate. Therefore, we believe that estimates using on-campus rates are more realistic than those made on the basis of off-campus rates. Computations of indirect costs in the remainder of this report are based only on on-campus indirect cost rates.

A trend analysis for the past 3 years based on the on-campus indirect cost rates for the 68 institutions that had such rates showed the following:

<u>Fiscal year</u>	<u>Direct costs</u>	<u>Indirect cost payments foregone</u>	<u>Indirect cost payments foregone as a percentage of direct costs</u>
1974	\$6,532,636	\$ 799,751	12.2%
1975	8,521,024	1,226,735	14.4%
1976	8,686,481	1,386,983	16.0%

This trend analysis indicates that if indirect costs had been allowed on MBS grants, NIH would have had to fund an additional 12.2 percent for fiscal year 1974, 14.4 percent for fiscal year 1975, and 16 percent for fiscal year 1976. The analysis also shows that the average indirect cost rate has been increasing about 2 percent per year. This parallels the increase that NIH has experienced as a whole on all of its project grants from fiscal year 1972 to fiscal year 1976.

#### THE NATIONAL RESEARCH ACT'S EFFECT ON THE MBS PROGRAM

If NIH subsequently pays indirect costs on MBS grants, the National Research Service Award Act of 1974, as amended (42 U.S.C. 2891-1) could affect the amount of indirect costs to be paid. The act authorized the Secretary of HEW to make National Research Service Awards for training of individuals to perform biomedical and behavioral research, and amended the Public Health Service Act by abolishing the training authority previously authorized by section 301.

Prior to the passage of the National Research Act, MBS grants could be awarded for research training programs and students participating in the program could receive financial

support in the form of stipends. However, stipends could not be included in the base for computing indirect costs when the base used was salaries and wages. According to HEW and NIH officials, the effects of abolishing the training authority for the MBS program means that student financial support must now come in the form of either a salary or a wage instead of a stipend. Salaries and wages are an acceptable base for computing indirect costs, and most of the institutions in the program that have indirect cost rates use this as their base. Thus, increasing the amount of salaries and wages could increase the base for computing indirect costs, which in turn could increase the indirect cost amount.

To prevent undue hardship to individuals presently at that time in training, a clause in the act allows commitments made before July 12, 1974, to continue paying stipends until the grant expires. In 1976 there were 14 institutions that received grants after July 12, 1974, and received funds for salaries and wages for research participants and laboratory assistants. In 1977 there will be 36 institutions whose original grants will expire and which must reapply for additional funding if they want to stay in the program, an additional 12 by 1978, and another 13 by 1980.

## CONCLUSIONS

We estimated that the indirect cost payments foregone for institutions in the MBS program have been between \$1.4 and \$4.3 million based on off-campus and on-campus indirect cost rates, respectively. However, it should be noted that the estimates of the indirect costs foregone using the on-campus rates may be more reliable and realistic of the impact that the policy of not paying indirect costs has had on institutions, because (1) 87 percent of the institutions in our review had on-campus indirect cost rates whereas only 31 percent (24 out of 78) had off-campus rates, (2) most colleges and universities in the program actually perform their biomedical research on campus, according to an NIH official, and (3) most of the research projects supported by NCI and NHLBI received payment for indirect costs based on the institution's on-campus rate.

A trend analysis showed that the average indirect cost rate was 12.2 percent, 14.4 percent, and 16 percent for fiscal years 1974, 1975, and 1976, respectively, and is increasing at a rate of about 2 percent a year. Should indirect costs be allowed, the effects of the National Research Act should also be considered.

## CHAPTER 4

### ALTERNATIVES WHICH WOULD ALLOW PAYMENT OF INDIRECT COSTS TO GRANTEES

As part of our review, we considered what possible actions could be taken which would result in Minority Biomedical Support Program grantees being reimbursed for indirect costs. In this regard, we considered five alternatives which would allow grantees to receive payment for indirect costs. Two alternatives require legislative action, while the other three could be done through administrative actions of the National Institutes of Health. Each alternative and any significant issues associated with it are discussed below.

#### LEGISLATIVE ALTERNATIVES

Since fiscal year 1965, appropriation acts for general research support grants have specifically prohibited paying indirect costs to recipients of general research support grants. This prohibition extends to recipients of MBS grants because these grants are considered by NIH to be awarded under the authorization for general research support grants. Either of the two legislative alternatives discussed in this chapter could be pursued to change this situation.

#### Change in appropriation legislation

The language of future appropriation acts could be worded so that MBS program grants would be exempt from the prohibition against paying indirect costs. This alternative is one which could be initiated by the Subcommittee. The following language could be used:

"To carry out, except as otherwise provided, section 301 of the Public Health Service Act with respect to research resources and general research support grants, \_\_\_\_\_ . Provided, that with the exception of funds for the Minority Biomedical Support Program, none of these funds shall be used to pay recipients of the general research support grants programs any amount for indirect expenses in connection with such grants."

#### Specific authorizing legislation

As noted earlier, the MBS program is currently carried out under section 301(c) of the Public Health Service Act,

as amended (42 U.S.C. 241(c)), as there presently is no specific authorizing legislation for the program. Action could be taken to enact legislation specifically authorizing the MBS program, including provision for payment of indirect costs. Such action would still require that appropriation legislation not prohibit use of funds for indirect costs.

### ADMINISTRATIVE ALTERNATIVES

There are some administrative actions which NIH could take to permit payment of indirect costs incurred by MBS program grantees. In reviewing the three administrative alternatives, the Subcommittee will note that each has a particular disadvantage or issue which must be considered.

#### Require NIH institutes to provide funds

Since research project grant funds can be used to pay for indirect costs, the Director of NIH could require each of the 11 NIH institutes to set aside a certain amount of these funds for awards of grants for biomedical research to minority institutions and institutions with substantial minority enrollment. This alternative was previously considered by NIH, but was not adopted because it would create, in effect, 11 minority support programs where there is now 1. According to NIH officials, administrative costs under this concept could increase substantially. Also, this concept was used previously for another program, but according to NIH officials it proved cumbersome and was changed.

#### Encourage use of cooperative agreements

As stated on pages 9 and 10, five of the NIH institutes have entered into agreements whereby funds are transferred to the Division of Research Resources to support MBS grants, when proposals relate to the objectives of these institutes. Reviews to determine the scientific merit of institute-supported projects are conducted by the General Research Support Program Advisory Committee, DRR, as is any other proposal for an MBS grant. Since institute-supported proposals are authorized under the research project authority of the Public Health Service Act, grantees are entitled to receive indirect costs, according to a HEW official.

NIH could require the remaining institutes to enter into agreements similar to those already adopted. This would provide additional funds which could be used to pay indirect costs

but would have no effect on the funds appropriated for the MBS program. Also, DRR officials stated that obtaining similar agreements from the 6 other NIH institutes would be administratively burdensome.

#### Authorize program using research project authority

NIH officials have said that MBS grants are most similar to research program project grants which are awarded for support of broadly based and usually a long-term program of research activity. These grants are flexible, usually directed toward a range of problems within a broad category, and have a central research focus rather than a specific single purpose. An MBS grant is similar to a research program project grant because it is composed of several research projects. However, MBS grants are different because the research projects are not always related to one area of science, as is the case with the program projects. Program project grants are authorized under the research project grant authority of section 301 of the act. Thus, grantees are allowed to be reimbursed for indirect costs.

Another administrative alternative would be for NIH to operate the MBS program under the authority to award research program project grants. However, before this can be done there are certain issues that must be confronted.

According to section 475 of the Public Health Service Act, the Secretary of HEW is required to conduct appropriate scientific peer review of applications for biomedical and behavioral research grants. This peer review is to be conducted in a manner consistent with the system for scientific peer review in effect at the time the section was enacted (July 23, 1974). The peer review system in effect on July 23, 1974, required each grant application to be reviewed by a study section composed of authorities in selected scientific fields. Each application is reviewed and applications recommended for approval are assigned a numerical priority score (between 100 and 500) to indicate scientific merit in relation to the "state of the art" of a particular research area. The lower the priority score, the greater the scientific merit of the application. Following the study section review, all grant applications are forwarded to the national advisory council of the appropriate institute. Each institute has a national advisory council, which must recommend approval of grant applications before they can be funded. These councils are composed of leaders in fundamental and medical science, education, and public affairs. The primary responsibility of these councils is to evaluate whether applications

relate to the mission and the needs of the respective institutes. After the advisory council review, the institutes consider all recommended applications for funding.

MBS proposals compete only among themselves for funds. Proposals undergo scientific peer review by DRR's General Research Support Program Advisory Committee. According to an HEW official, the legislative history for section 475 seems to indicate that the method of scientific peer review referred to is that conducted by the various study sections responsible for the areas of medicine of the NIH institutes. Thus, if the program were to be conducted under the research project authority of section 301, different peer review requirements may apply that would necessitate changes in the program as it is now operated. Proposals for MBS grants may have to undergo peer review by the study sections outside of DRR and thus would have to compete with all other NIH proposals. According to an NIH official, very few institutions would then be able to qualify for grants.

In addition, section 301(c) requires that the national advisory councils for cancer, mental health, heart disease, or dental disease recommend proposals in their respective areas. Recommendations for MBS proposals are made by the National Advisory Research Resources Council, the advisory council for DRR. According to an NIH official, the issue of whether NARRC has sufficient expertise to review projects relating to the above areas should be addressed. This council is composed of 14 members, most of whom are experts in the fields of research related to programs of DRR (animal resources, general clinical research centers, biotechnology resources, and general research support programs).

The above issues demonstrate the complexities involved if NIH should take administrative action to authorize the MBS program under the research project authority of section 301(c) of the Public Health Service Act.

#### COMMENTS OF NIH OFFICIALS

As agreed with the Subcommittee, we obtained oral comments from NIH officials on our draft report. These officials provided us with additional facts on the MBS program that were incorporated into the report. In addition, the NIH officials commented on the five suggested alternatives to allow MBS grantees to be reimbursed for indirect costs.

Of the two legislative proposals, NIH officials expressed a preference for amending appropriations legislation along the lines we suggested. In the view of NIH officials, the alternative of enacting authorizing legislation would not guarantee that indirect costs could be paid because appropriation legislation could still include a restriction. An NIH official stated that the administrative alternatives suggested would "create added administrative burdens and be too complex and impractical to administer." In addition, the official commented that the alternative of encouraging the institutes to set aside funds and using cooperative agreements would not solve the problem because only the funds provided by the institutes would be able to be used to pay indirect costs. DRR funds used for MBS grants would still not be available to be used to pay indirect costs.

### CONCLUSIONS

Five possible courses of action have been suggested for consideration in allowing the future reimbursement of indirect costs incurred by MBS program grantees. We agree with NIH officials that all of the administrative alternatives would create added administrative burdens and could take a long time to implement. Also, the alternative of encouraging the use of cooperative agreements is only a partial solution, since there will still be funds which cannot be used to pay indirect costs.

With regard to the two legislative alternatives, we believe that changing the language of future appropriations acts offers the better course of action for two reasons. First, it is an action which can be initiated by the Subcommittee. Second, enacting authorizing legislation will likely take more time to achieve and appropriation legislation would still have to be provided to carry out the authorizing legislation.

### RECOMMENDATION TO THE SUBCOMMITTEE

If the Subcommittee wishes to make funds for the MBS program available for payment of grantee indirect costs, we recommend that the Subcommittee change the language of future appropriations acts to exempt the MBS program from the prohibition against payment of indirect costs.

**MAJORITY MEMBERS**  
**GEORGE H. MAHON, TEX.,**  
 CHAIRMAN

JAMIE L. WHITTEN, MISS.  
 ROBERT L. F. BIKES, FLA.  
 OTTO E. PASSMAN, LA.  
 JOE L. EVINS, TENN.  
 EDWARD P. BOLAND, MASS.  
 WILLIAM H. HATCHER, KY.  
 DANIEL J. FLOOD, PA.  
 TOM STEED, OKLA.  
 GEORGE E. SHIPLEY, ILL.  
 JOHN M. SLACK, W. VA.  
 JOHN J. FLYNT, JR., GA.  
 NEAL SMITH, IOWA  
 ROBERT H. GRAYBO, CONN.  
 JOSEPH P. ADDARIO, N.Y.  
 JOHN J. MC FALL, CALIF.  
 EDWARD J. PATTEN, N.J.  
 CLARENCE D. LONG, MD.  
 SIDNEY R. YATES, ILL.  
 FRANK E. EVANS, COLO.  
 DAVID W. OBRY, WIS.  
 EDWARD R. ROYBAL, CALIF.  
 LOUIS STOKES, OHIO  
 J. EDWARD RUSH, IND.  
 GURP MC KAY, UTAH  
 TOM BEVILL, ALA.  
 BILL CHAPPELL, JR., FLA.  
 BILL D. BURLINCH, MO.  
 BILL ALEXANDER, ARK.  
 EDWARD I. KOCH, N.Y.  
 YVONNE BRATHWAITE BURKE, CA 1<sup>st</sup>  
 JOHN P. MURTHA, PA.  
 BOB TRAXLER, MICH.  
 ROBERT DUNCAN, OREG.  
 JOSEPH D. EARLY, MASS.  
 MAX SALCUS, MONT.  
 CHARLES WILSON, TEX.

**Congress of the United States**  
**House of Representatives**  
**Committee on Appropriations**  
**Washington, D.C. 20515**

June 8, 1976

**MINORITY MEMBERS**  
 ELFORD A. CEDENBERG, MICH.  
 ROBERT H. MICHEL, ILL.  
 SILVIO O. CORTE, MASS.  
 GARNER E. SHRYVER, KANS.  
 JOSEPH M. MC DAIDE, PA.  
 MARK ANDREWS, N. DAK.  
 BURT L. TALCOTT, CALIF.  
 JACK EDWARDS, ALA.  
 ROBERT C. MC EWEN, N.Y.  
 JOHN T. MYERS, IND.  
 J. KENNETH ROBINSON, VA.  
 CLARENCE S. MILLER, OHIO  
 LAWRENCE COUNSELL, PA.  
 C. W. BILL YOUNG, FLA.  
 JACK F. KEMP, N.Y.  
 WILLIAM L. ARMSTRONG, COLO.  
 RALPH S. REBULA, OHIO  
 CLAIR W. BURBONER, CALIF.

CLERK AND STAFF DIRECTOR  
 KETH W. MAINLAND

TELEPHONE:  
 CAPITOL 6-5111  
 EXT. 8771  
 OR  
 28-871

Honorable Elmer B. Staats  
 Comptroller General of the United States  
 General Accounting Office  
 441 G Street, N.W.  
 Washington, D.C. 20548

Dear Mr. Staats:

This is to call your attention to the language contained on page 44 of the report on the 1977 Labor-HEW Appropriation Bill.

Specifically, the Committee requests the General Accounting Office to conduct a factual and objective study of the actual economic impact on the recipient institutions of the policy of not paying indirect costs on Minority Biomedical Support grants.

I would greatly appreciate having your report prior to February 1, 1977.

Sincerely,

  
 Daniel J. Flood, Chairman  
 Subcommittee on Labor-HEW  
 Appropriations

INSTITUTIONS THAT HAVE APPLIED FOR  
MBS GRANTS BY STATE AS OF JUNE 30, 1976

ALABAMA

Alabama A&M University, Normal  
Alabama State University, Montgomery  
Oakwood College, Huntsville  
Stillman College, Tuscaloosa  
Talladega College, Talladega  
Tuskegee Institute, Tuskegee  
Miles College, Birmingham

State total: 7

ARIZONA

Navajo Health Authority, Window Rock

State total: 1

ARKANSAS

Arkansas A M & N College, Pine Bluff  
Philander Smith College, Little Rock  
University of Arkansas at Pine Bluff, Pine Bluff

State total: 3

CALIFORNIA

California State University, Los Angeles  
University of California, San Diego  
University of California, Santa Cruz  
Charles R. Drew Postgraduate Medical School, Los Angeles

State total: 4

DELAWARE

Delaware State College, Dover

State total: 1

DISTRICT OF COLUMBIA

Federal City College, D.C.  
Howard University, D.C.  
District of Columbia Teachers College, D.C.

Total: 3

FLORIDA

Bethune-Cookman College, Daytona Beach  
Florida A&M University, Tallahassee  
Edward Waters College, Jacksonville

State total: 3

GEORGIA

Albany State College, Albany  
Atlanta University, Atlanta  
Fort Valley State College, Ft. Valley  
Savannah State College, Savannah  
Paine College, Augusta

State total: 5

HAWAII

University of Hawaii, Hilo  
University of Hawaii, Honolulu

State total: 2

ILLINOIS

Chicago State University, Chicago

State total: 1

KANSAS

Haskell Indian Jr. College, Lawrence

State total: 1

KENTUCKY

Kentucky State University, Frankfort

State total: 1

LOUISIANA

Dillard University, New Orleans  
Grambling State University, Grambling  
Southern University, Baton Rouge  
Southern University, New Orleans  
Xavier University, New Orleans

State total: 5

MARYLAND

Coppin State College, Baltimore  
University of Maryland Eastern Shore, Princess Anne  
Bowie State College, Bowie  
Morgan State College, Baltimore

State total: 4

MISSISSIPPI

Alcorn State University, Lorman  
Jackson State University, Jackson  
Mississippi Industrial College, Holly Springs  
Rust College, Holly Springs  
Tougaloo College, Tougaloo  
Mississippi Valley State College, Itta Bena

State total: 6

MISSOURI

Lincoln University, Jefferson City

State total: 1

MONTANA

Northern Cheyenne Tribe, Lama Deer

State total: 1

NEW MEXICO

University of Albuquerque, Albuquerque  
New Mexico Highlands University, Las Vegas  
New Mexico State University, Las Cruces  
University of New Mexico, Albuquerque  
College of Santa Fe, Santa Fe

State total: 5

NEW YORK

City University of New York, York College, Jamaica  
Seneca Health and Research Authority, Amherst

State total: 2

NORTH CAROLINA

Bennett College, Greensboro  
Elizabeth City State University, Elizabeth City  
Johnson C. Smith University, Charlotte  
North Carolina A&T State University, Greensboro  
North Carolina Central University, Durham  
Shaw University, Raleigh  
Winston-Salem State University, Winston-Salem  
Barber-Scotia College, Concord  
Fayetteville State University, Fayetteville  
Saint Augustine's College, Raleigh  
Pembroke State University, Pembroke  
Livingstone College, Salisbury

State total: 12

NORTH DAKOTA

Turtle Mt. Counseling-Rehabilitation Center, Belcourt

State total: 1

OHIO

Central State University, Wilberforce  
Wilberforce University, Wilberforce

State total: 2

OKLAHOMA

Northeastern Oklahoma State University, Tahlequah  
Southeastern Oklahoma State University, Durant  
Langston University, Langston

State total: 3

PENNSYLVANIA

Lincoln University, Lincoln University  
Cheyney State College, Cheyney

State total: 2

PUERTO RICO

Catholic University, Ponce  
University of Puerto Rico, Rio Piedras  
University of Puerto Rico, Mayaguez  
University of Puerto Rico, San Juan

Total: 4

SOUTH CAROLINA

Benedict College, Columbia  
South Carolina State College, Orangeburg  
Allen University, Columbia  
Voorhees College, Denmark

State total: 4

TENNESSEE

Fisk University, Nashville  
Knoxville College, Knoxville  
Meharry Medical College, Nashville  
Tennessee State University, Nashville  
Lane College, Jackson

State total: 5

TEXAS

Bishop College, Dallas  
Pan American University, Edinburg  
Prairie View A & M University, Prairie View  
Texas A&I University, Kingsville  
Texas Southern University, Houston  
University of Texas, El Paso  
United Colleges of San Antonio, San Antonio  
Huston-Tillotson College, Austin  
Texas College, Tyler

State total: 9

VIRGINIA

Hampton Institute, Hampton  
Norfolk State College, Norfolk  
Virginia State College, Petersburg  
Virginia Union University, Richmond  
Saint Paul's College, Lawrenceville

State total: 5

VIRGIN ISLANDS

College of the Virgin Islands, Saint Thomas

Total: 1

TOTAL INSTITUTIONS: 104

LIST OF MBS APPLICATIONS RECOMMENDED FOR APPROVAL  
BUT UNFUNDED AS OF JUNE 30, 1976

<u>Number of applications approved unfunded</u>	<u>Name of institution</u>	<u>Have any applications ever been funded?</u>
<u>ALABAMA</u>		
2	Alabama A & M University, Normal	Yes
1	Miles College, Birmingham	No
1	Tuskegee Institute, Tuskegee	Yes
1	Talledega College, Talledega	Yes
<u>ARKANSAS</u>		
1	Philander Smith College, Little Rock	No
<u>ARIZONA</u>		
1	Navajo Health Authority, Window Rock	No
<u>CALIFORNIA</u>		
2	University of California, Santa Cruz	Yes
1	University of California, San Diego	Yes
1	Charles Drew Postgraduate Medical School, Los Angeles	Yes
1	California State University, Los Angeles	Yes
<u>FLORIDA</u>		
1	Bethune-Cookman College, Daytona Beach	Yes
1	Edward Waters College, Jacksonville	No
1	Florida A & M University, Tallahassee	Yes

Number of applications approved <u>unfunded</u>	<u>Name of institution</u>	Have any applications ever been <u>funded?</u>
<u>GEORGIA</u>		
1	Fort Valley State College, Fort Valley	Yes
1	Savannah State College, Savannah	Yes
<u>KANSAS</u>		
1	Haskell Indian Junior College, Lawrence	Yes
<u>KENTUCKY</u>		
1	Kentucky State University, Frankfort	Yes
<u>LOUISIANA</u>		
1	Xavier University, New Orleans	Yes
<u>MARYLAND</u>		
1	University of Maryland Eastern Shore, Princess Anne	Yes
<u>MISSISSIPPI</u>		
1	Rust College, Holly Springs	Yes
1	Mississippi Valley State College, Itta Bena	No
1	Mississippi Industrial College, Holly Springs	Yes
<u>NEW MEXICO</u>		
1	College of Santa Fe, Santa Fe	No
1	New Mexico State University, Las Cruces	Yes
1	University of New Mexico, Albuquerque	Yes

Number of applications approved <u>unfunded</u>	<u>Name of institution</u>	Have any applications ever been <u>funded?</u>
<u>NEW YORK</u>		
1	City University of New York, York College, Jamaica	Yes
<u>NORTH CAROLINA</u>		
1	Saint Augustine's College, Raleigh	No
1	Elizabeth City State University, Elizabeth City	Yes
2	Livingstone College, Salisbury	No
1	Pembroke State University, Pembroke	No
<u>OHIO</u>		
1	Wilberforce University, Wilberforce	No
<u>OKLAHOMA</u>		
1	Langston University, Langston	Yes
1	Northeastern Oklahoma State University, Tahlequah	Yes
<u>PENNSYLVANIA</u>		
1	Cheyney State College, Cheyney	Yes
2	Lincoln University, Lincoln University	Yes
<u>SOUTH CAROLINA</u>		
1	South Carolina State College, Orangeburg	Yes
<u>TENNESSEE</u>		
2	Tennessee State University, Nashville	Yes
1	Lane College, Jackson	No
1	Knoxville College, Knoxville	Yes

## APPENDIX III

## APPENDIX III

Number of applications approved <u>unfunded</u>	<u>Name of institution</u>	Have any applications ever been <u>funded?</u>
<u>TEXAS</u>		
1	Huston-Tillotson College, Austin	No
1	Texas A&I Universtiy, Kingsville	Yes
1	Prairie View A&M University, Prairie View	Yes
1	United Colleges of San Antonio, San Antonio	Yes
<u>VIRGINIA</u>		
1	Virginia State College, Petersburg	Yes
<u>PUERTO RICO</u>		
1	University of Puerto Rico, Mayaguez	No
1	University of Puerto Rico, San Juan	Yes
<u>VIRGIN ISLANDS</u>		
1	College of the Virgin Islands, St. Thomas	Yes

TOTAL INSTITUTIONS: 47

ESTIMATED INDIRECT COST PAYMENTS FOREGONE BY STATE AND INSTITUTION AS OF JUNE 30, 1976 (NOTE A)

State and name of institution	Estimated amount of indirect cost paid			Using on-campus indirect cost rates			Using off-campus indirect cost rates		
	Total direct cost paid	Indirect cost paid by MCI & NMLBI	Estimated indirect cost paid by MBS institutions	Cost sharing (% of total direct costs and indirect costs)	Estimated indirect payments foregone	Percentage of indirect payments foregone to direct cost	Estimated indirect payments foregone	Percentage of indirect payments foregone to direct cost	Estimated indirect payments foregone
<b>ALABAMA</b>									
Alabama A&M Univ.	\$ 154,522	\$ -	\$ 41,321	\$ 9,792	\$ 3,529	20.4	\$ 3,757	2.4	
Stillman College	264,686	-	60,916	16,281	-	-	-	-	
Talledega College	306,572	-	73,518	19,005	54,513	17.8	-	-	
Tuskegee Institute	874,717	3,208	90,763	48,435	42,328	4.8	3,671	.4	
State totals	\$1,600,497	\$ 3,208	\$266,518	\$ 93,513	\$173,005	10.8	\$ 7,428	.7	
<b>CALIFORNIA</b>									
CA. State Univ.-L.A.	815,244	11,491	204,284	51,551	152,733	18.7	112,483	13.8	
Univ. of CA.-San Diego	300,393	5,761	96,973	20,157	41,909	25.6	41,909	13.9	
Univ. of CA.-Santa Cruz	261,120	82,327	17,120	17,172	59,129	22.6	31,691	12.1	
Charles Drew Med. School	593,181	37,432	101,279	36,595	64,684	10.9	53,032	8.9	
State totals	\$1,969,938	\$60,710	\$478,837	\$125,475	\$353,362	17.9	\$239,115	12.1	
<b>DELAWARE</b>									
Delaware State College	344,421	-	78,894	21,167	57,727	16.8	-	-	
State totals	\$ 344,421	\$ -	\$ 78,894	\$ 21,167	\$ 57,727	16.8	-	-	
<b>DISTRICT OF COLUMBIA</b>									
Federal City College	598,056	13,008	207,642	40,935	166,707	27.9	92,501	15.5	
Howard Univ.	1,260,717	-	191,463	72,610	118,853	9.4	62,605	5.0	
Totals	\$1,858,773	\$13,008	\$399,105	\$113,545	\$285,560	15.4	\$155,106	8.3	
<b>FLORIDA</b>									
Bethune-Cookman College	427,485	-	84,005	25,574	58,431	13.7	-	-	
Florida A&M Univ.	756,885	145,203	131,184	45,105	86,079	11.4	-	-	
State totals	\$1,184,370	\$14,019	\$215,189	\$ 70,679	\$144,510	12.2	-	-	
<b>GEORGIA</b>									
Albany State College	316,340	-	86,779	21,156	65,623	19.5	-	-	
Atlanta Univ.	2,899,838	-	415,441	165,783	249,678	8.6	-	-	
Pt. Valley State College	204,872	-	36,396	12,063	24,333	11.9	-	-	
Savannah State College	148,902	-	27,346	8,812	18,534	12.5	-	-	
State totals	\$3,589,952	-	\$565,962	\$207,794	\$358,168	10.0	-	-	
<b>HAWAII</b>									
Univ. of Hawaii-Hilo	743,163	-	136,535	43,985	92,550	12.5	15,765	2.1	
Univ. of Hawaii-Honolulu	369,166	-	43,444	20,631	22,813	6.2	-5,772	-1.6	
State totals	\$1,112,329	-	\$179,979	\$ 64,616	\$115,363	10.4	\$ 9,993	.5	
<b>ILLINOIS</b>									
Chicago State Univ.	306,981	-	64,908	18,595	46,313	15.1	-	-	
State totals	\$ 306,981	-	\$ 64,908	\$ 18,595	\$ 46,313	15.1	-	-	
<b>KENTUCKY</b>									
Kentucky State Univ.	150,306	-	33,091	9,170	23,921	15.9	-	-	
State totals	\$ 150,306	-	\$ 33,091	\$ 9,170	\$ 23,921	15.9	-	-	

\*This appendix contains information on the 68 institutions that had on-campus indirect cost rates and 24 of the 68 institutions that had off-campus indirect cost rates.

State and name of institution	Total direct cost paid	Estimated amount of indirect cost prohibited	Indirect cost paid by RCI & NHRUBI	Estimated indirect cost paid by MPS institutions	Cost sharing (5% of total direct costs and indirect costs)	Estimated indirect cost payments foregone	Percentage of indirect cost payments foregone to direct cost	Estimated indirect cost payments foregone	Percentage of indirect cost payments foregone to direct cost
<b>LOUISIANA</b>									
Dillard State Univ.	\$ 310,528	\$ 75,230	-	\$ 75,230	\$ 19,288	\$ 55,942	18.0	\$ 12,767	4.1
Grambling State Univ.	344,438	29,938	-	29,938	18,719	11,219	3.3	-1,650	-5
Southern Univ.-Baton Rouge	770,125	122,833	-	122,833	44,648	78,185	10.2	-	-
Southern Univ.-New Orleans	450,284	87,996	-	87,996	26,914	61,082	13.6	22,660	4.0
Kavler Univ.	571,231	109,701	-	109,701	34,047	75,654	13.2	-	-
State totals	\$2,446,606	\$425,698	-	\$425,698	\$143,616	\$282,082	11.5	\$ 33,777	2.0
<b>MARYLAND</b>									
Coppin State College	308,597	77,600	-	77,600	19,310	58,290	18.9	-	-
Univ. of Md.-Eastern Shore	209,339	66,786	-	66,786	13,806	52,980	25.3	-	-
State totals	\$ 517,936	\$144,386	-	\$144,386	\$ 33,116	\$111,270	21.5	-	-
<b>MISSISSIPPI</b>									
Alcorn State Univ.	203,486	39,741	-	39,741	12,151	27,580	13.6	-	-
Jackson State Univ.	594,548	109,729	3,698	106,031	35,114	70,817	11.9	-	-
Miss. Industrial College	63,654	13,845	-	13,845	3,875	9,970	15.7	-	-
Rust College	233,845	40,704	-	40,704	13,727	26,977	11.5	-	-
Tougaloo College	235,403	58,677	-	58,677	14,704	43,973	18.7	-	-
State totals	\$1,330,936	\$262,696	\$ 3,698	\$258,998	\$ 79,681	\$179,317	13.5	-	-
<b>MISSOURI</b>									
Lincoln Univ.	461,583	98,923	-	98,923	28,026	70,897	15.4	-	-
State totals	\$ 461,583	\$ 98,923	-	\$ 98,923	\$ 28,026	\$ 70,897	15.4	-	-
<b>NEW MEXICO</b>									
Univ. of Albuquerque	310,965	62,823	-	62,823	18,689	44,134	14.2	14,153	4.6
New Mexico Highlands Univ.	697,287	111,907	-	111,907	40,459	71,448	10.3	-20,527	-2.9
New Mexico State Univ.	341,043	135,358	16,533	118,825	23,820	95,005	27.9	-	-
Univ. of New Mexico	558,296	173,437	33,416	140,021	36,586	103,435	18.5	74,717	13.4
State totals	\$1,907,591	\$483,525	\$49,949	\$433,576	\$119,554	\$314,022	16.5	\$ 68,343	4.0
<b>NEW YORK</b>									
City Univ. of New York, York College	68,805	33,353	-	33,353	5,108	28,245	41.0	-	-
State totals	\$ 68,805	\$ 33,353	-	\$ 33,353	\$ 5,108	\$ 28,245	41.0	-	-
<b>NORTH CAROLINA</b>									
Bennett College	142,698	36,467	-	36,467	8,959	27,508	19.3	7,514	5.3
Johnson C. Smith Univ.	235,146	80,508	-	80,508	15,783	64,725	27.5	-	-
North Carolina A&T Univ.	607,338	126,287	-	126,287	36,681	89,606	14.8	-	-
North Carolina Central Univ.	489,532	85,633	-	85,633	28,758	56,875	11.6	-	-
Shaw Univ.	321,129	87,272	-	87,272	20,419	66,853	20.8	-	-
Winston-Salem State Univ.	278,850	98,341	-	98,341	18,860	79,481	28.5	-	-
State totals	\$2,074,693	\$514,508	-	\$514,508	\$129,460	\$385,048	18.6	\$ 7,514	5.3
<b>OHIO</b>									
Central State Univ.	357,832	82,963	-	82,963	22,040	60,923	17.0	-	-
State totals	\$ 357,832	\$ 82,963	-	\$ 82,963	\$ 22,040	\$ 60,923	17.0	-	-

State and name of institution	Total direct cost paid	Estimated amount of indirect cost prohibited	Indirect cost paid by MCI & MHLBI	Estimated indirect cost paid by MBS institutions	Cost sharing (5% of total direct costs and indirect costs)	Estimated indirect payments foregone	Percentage of indirect cost payments foregone to direct cost	Estimated indirect payments foregone	Percentage of indirect cost payments foregone to direct cost
<b>OKLAHOMA</b>									
Northwestern Oklahoma State Univ.	2,015	36,823	-	36,823	15,849	20,974	7.5	-1,288	-5
Southeastern Oklahoma State Univ.	495,823	53,866	-	53,866	27,484	26,382	5.3	-517	-1
State totals	\$ 775,875	\$ 90,689	-	\$ 90,689	\$ 43,333	\$ 47,356	6.1	\$ -1,805	-2
<b>PENNSYLVANIA</b>									
Lincoln Univ.	492,383	109,507	-	109,507	30,095	79,412	16.1	-	-
State totals	\$ 492,383	\$ 109,507	-	\$ 109,507	\$ 30,095	\$ 79,412	16.1	-	-
<b>SOUTH CAROLINA</b>									
Benedict College	351,558	68,827	-	68,827	21,019	47,808	13.6	-	-
South Carolina State College	357,216	81,887	-	81,887	21,955	59,932	16.8	-	-
State totals	\$ 708,774	\$ 150,714	-	\$ 150,714	\$ 42,974	\$ 107,740	15.2	-	-
<b>TENNESSEE</b>									
Fisk Univ.	460,409	69,870	-	69,870	26,513	43,357	9.4	-	-
Knorrville College	295,494	53,200	-	53,200	17,436	35,764	12.1	-	-
McHarr Medical College	728,947	169,658	-	169,658	44,930	124,728	17.1	-	-
Tennessee State Univ.	357,892	48,853	8,294	40,559	20,338	20,221	5.7	-	-
State totals	\$ 1,842,742	\$ 341,581	\$ 8,294	\$ 333,287	\$ 109,217	\$ 224,070	12.2	-	-
<b>TEXAS</b>									
Pan American Univ.	521,869	113,528	-	113,528	31,770	81,758	15.7	15,290	2.9
Prairie View A&M Univ.	123,040	33,563	-	33,563	7,810	25,753	20.9	2,993	2.4
Texas A&I Univ.	208,132	19,957	-	19,957	11,404	8,553	4.1	-3,548	-1.7
Texas Southern Univ.	1,137,872	169,185	49,398	119,787	64,353	54,434	4.6	-21,494	-2.0
Univ. of Texas-Sl Paso	463,570	68,278	4,258	63,220	26,592	36,728	7.9	9,058	2.0
State totals	\$ 2,454,483	\$ 404,511	\$ 54,356	\$ 350,155	\$ 142,949	\$ 207,206	8.4	\$ 299	.01
<b>VIRGINIA</b>									
Hampton Institute	404,326	96,960	-	96,960	25,065	71,895	17.8	-	-
Worfolk State College	493,326	74,823	13,561	60,862	26,388	32,474	6.6	-	-
Virginia State College	375,431	40,969	-	40,969	20,422	20,547	5.4	-	-
Virginia Union Univ.	222,744	48,131	-	48,131	13,243	34,888	15.5	-	-
State totals	\$ 1,495,877	\$ 260,483	\$ 13,561	\$ 246,922	\$ 87,818	\$ 159,104	10.6	-	-
<b>PUERTO RICO</b>									
Catholic Univ. of Puerto Rico-Mayaguez	427,897	107,409	4,781	102,628	26,766	75,862	17.7	-	-
Univ. of Puerto Rico-Rio Piedras	240,770	47,695	-	47,695	14,423	33,272	13.8	-	-
State totals	\$ 708,944	\$ 38,058	\$ 4,781	\$ 37,633	\$ 37,351	\$ 282	.04	-	-
Totals	\$ 1,377,611	\$ 193,162	\$ 5,206	\$ 187,956	\$ 78,540	\$ 109,416	7.9	-	-
<b>VIRGIN ISLANDS</b>									
College of Virgin Islands	207,970	70,231	-	70,231	13,911	56,320	27.1	-	-
Totals	\$ 207,970	\$ 70,231	-	\$ 70,231	\$ 13,911	\$ 56,320	27.1	-	-
<b>GRAND TOTAL</b>	<b>\$30,639,364</b>	<b>\$6,040,358</b>	<b>\$226,009</b>	<b>\$5,814,349</b>	<b>\$1,833,992</b>	<b>\$3,980,357</b>	<b>13.0</b>	<b>\$519,770</b>	<b>4.3</b>

PRINCIPAL OFFICIALS RESPONSIBLE FOR  
ACTIVITIES DISCUSSED IN THIS REPORT

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
<b>SECRETARY OF HEALTH, EDUCATION, AND WELFARE:</b>		
Joseph A. Califano	Jan. 1977	Present
David Mathews	Aug. 1975	Jan. 1977
Caspar W. Weinberger	Feb. 1973	Aug. 1975
Frank C. Carlucci (acting)	Jan. 1973	Feb. 1973
Elliot L. Richardson	June 1970	Jan. 1973
 <b>ASSISTANT SECRETARY FOR HEALTH (note a):</b>		
James F. Dickson III (acting)	Jan. 1977	Present
Theodore Cooper (note b)	Feb. 1975	Jan. 1977
Charles C. Edwards	Mar. 1973	Jan. 1975
Richard L. Seggel (acting)	Dec. 1972	Mar. 1973
Merlin K. DuVal, Jr.	July 1971	Dec. 1972
 <b>DIRECTOR, NATIONAL INSTITUTES OF HEALTH:</b>		
Donald S. Fredrickson	July 1975	Present
R. W. Lamont-Havers (acting)	Feb. 1975	July 1975
Robert S. Stone	May 1973	Jan. 1975
John F. Sherman (acting)	Jan. 1973	May 1973
Robert Q. Marston	Sept. 1968	Jan. 1973
 <b>DIRECTOR, DIVISION OF RESEARCH RESOURCES:</b>		
Thomas G. Bowery	Nov. 1969	Present

a/Title of office was changed from Assistant Secretary for Health and Scientific Affairs, Nov. 1972. Position created Nov. 1965.

b/Acting from Feb. 1975 until May 1975.